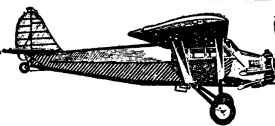


SCHOOL DISTRICT FLYER



A Newsletter of the Office of the Auditor General

Issue 21

July 1999



THE END OF AN ERA

Doug Norton resigned as Auditor General effective June 29, 1999. It truly is the end of an era for our Office, as Doug served as Arizona's Auditor General for the past 23 years. Doug's dedication and leadership over the years resulted in many improvements in the way Arizona accounts for its public monies and assets.

The Joint Legislative Audit Committee will evaluate candidates for Arizona's next Auditor General from Arizona and across the nation. Once the Committee has selected a candidate, their choice will be referred to the full Legislature for approval in the next legislative session. In the interim, the Committee has appointed Debbie Davenport as the Acting Auditor General. Debbie has served as the Deputy Auditor General for the past eight years.

On a final note, one more change has been made to our management team. Maude Haggerty has been Acting Director of the Accounting Services Division for several months and has now assumed the role on a permanent basis.



KEEPING IN TOUCH



In this, the information age, it only makes sense that we rethink how we communicate with each other. With the availability of the Internet and electronic mail, information can be spread at the speed of light (or at least at the speed of a 57K modem). To help us get information to you faster, we need to gather your e-mail addresses. USFR Memorandums and newsletters will continue to be mailed in hard copy to districts, but in the future we may provide electronic copies to districts that provide us with an official district e-mail address.

Districts can send an e-mail from their official address to Asd@auditorgen.state.az.us with a subject line of "Official District E-mail Address." Any changes to the district e-mail address should be sent to the same address with a subject line of "E-mail Address Change."



FY 1999-2000 BUDGET FORMS

USFR Memorandum No. 162, the FY 1999-2000 School District Annual Expenditure Budget, was issued June 8th. Major changes to the budget forms include the addition of school-by-school budget pages to comply with A.R.S. §15-903; elimination of the Capital Outlay Fund Reserve; addition of the Soft Capital Allocation Fund; and expanded detail for four of the major capital funds.

This year the Arizona Department of Education (ADE) encouraged districts to electronically submit their budgets. However, beginning next year (FY 2000-2001) state law requires all districts to submit their budgets to ADE in an electronic format.



FY 1998-99 ANNUAL FINANCIAL REPORT

The FY 1998-99 Annual Financial Report (AFR) will be the first AFR issued using the new chart of accounts, and will also include school-by-school detailed information as required by A.R.S. §15-904. Initially, the school-by-school information will include only actual revenue and expenditure amounts. Budgeted amounts will be shaded in the school-by-school section, as the FY 1998-99 expenditure budget did not require school-based information. We plan to issue the forms by September 15.

MORE MONEY IN EMPLOYEE PAYCHECKS



Effective July 1, 1999, the retirement contribution rate for the Arizona State Retirement System decreased from 2.85 percent to 2.17 percent. That means a little work for the district's payroll department and a little more money in employee paychecks. The .49 percent contribution rate for long-term disability remains the same.



INCREASED COMPETITIVE BIDDING THRESHOLD

As required by A.R.S. §15-213, the State Board of Education adjusted the \$30,000 competitive bidding threshold by the annual percentage change in the GDP price deflator. Districts must now follow the School District Procurement Rules for purchases exceeding \$30,300. Under the USFR guidelines, districts should obtain at least three written price quotations for purchases costing \$15,000 to \$30,300.

ACCOUNTING FOR E-RATE MONIES

The Telecommunications Act of 1996 established the Universal Service Fund, known as the E-rate, to provide discounts to schools and libraries on the cost of telecommunications, Internet access, and network wiring within buildings. The Schools and Libraries Corporation (SLC) was established to administer the program.



USFR Memorandum No. 161 was issued to provide guidance on recording E-rate transactions. As the memo stated, districts should establish a separate E-rate Fund (Other Federal Projects Fund Codes 300-399). Initially, proper accounting of E-rate transactions will vary depending on how each district accounted for them in the past. Refer to the USFR Memorandum for more information and sample journal entries of E-rate transactions.

The SLC's Website at www.sl.universalservice.org is a good source for tips on filling out application

forms as well as finding answers to frequently asked questions about E-rate monies.

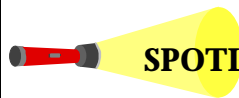
WHO AUDITS THE AUDITORS?



You may have wondered from time to time if the operations of our Office are ever scrutinized by an independent entity. In addition to the quality control review that we receive every three years from the National State Auditors Association, our Office is required to undergo a sunset review every ten years. The Arizona Legislature recently hired the National Conference of State Legislatures to conduct such a review. The reviewers looked at the effectiveness of our management group, the level of client satisfaction with the services we provide, and whether we are fulfilling our statutory mandates. As part of their review process, personal interviews were conducted with selected legislators, legislative staff, and current and former employees. In addition, written surveys were sent to all legislators; legislative staff; current employees; and our clients, including many school districts and charter schools.

In April, the NCSL completed its sunset review of our Office and issued their results to the Arizona Legislature. We are proud to say they concluded that our Office is performing high-quality work and recommended that our Office be continued for another ten years.

We would like to thank those of you who took time from your busy schedules to respond to the survey.



SPOTLIGHT ON WWW.SOSAZ.COM

Several districts have called us asking where they can get a copy of the most current School District Procurement Rules. The answer is as easy as sending an SOS. The Secretary of State Website at www.sosaz.com is the source for all State Board of Education rules. If you want to order a hard copy of the rules you can print an order form at the site, but an even better option is to download the rules in Adobe Acrobat (PDF). To find the PDF files, go to the .../public_services/Table_of_Contents.htm area on the site.